

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 SP-02

USIA-06 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 INT-05 H-02 L-03 GSA-01

PA-01 PRS-01 /122 W

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R 082000Z MAR 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9645

INFO AMEMBASSY CANBERRA

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C O N F I D E N T I A L SECTION 01 OF 03 LONDON 03608

E.O. 11652: GDS
TAGS: PORG, EMIN
SUBJECT: TIN -- MEETING OF INTERIM COMMITTEE

REF: A) LONDON 2394
B) STATE 28778

1. SUMMARY. INTERIM COMMITTEE FOR THE 5TH INTERNATIONAL TIN AGREEMENT (ITA) MET MARCH 1-5, WITH US ADMITTED AS PARTICIPANT IN VIEW OUR INTENT TO SIGN NEW ITA AND BECOME MEMBER OF THE INTERNATIONAL TIN COUNCIL (ITC). 5TH ITA ENTERS INTO FORCE JULY 1. SLIGHT PROGRESS WAS MADE IN PREPARING FOR CHANGEOVER FROM 4TH TO 5TH ITA, AS COMMITTEE REMAINED DEADLOCKED ON CHOICE OF EXECUTIVE CHAIRMAN (SENIOR SECRETARIAT OFFICER), WITH MOST CONSUMERS SUPPORTING CONTINUATION IN OFFICE OF PRESENT INCUMBENT, HAROLD ALLEN AND PRODUCERS BACKING AMBASSADOR PETER LAI OF MALAYSIA. A CONTACT GROUP WAS ESTABLISHED IN EFFORT TO RESOLVE ISSUE BY APRIL 30, BUT PRESENT STATE OF PLAY IS THAT EITHER SIDE CAN BLOCK OTHER CANDIDATE AND THERE IS NO SIGN OF GIVE YET. COMMITTEE WILL RESUME MARCH 12 TO CONSIDER OTHER AGENDA ITEMS. END SUMMARY.

2. THE INTERIM COMMITTEE FOR THE FIFTH INTERNATIONAL TIN AGREEMENT HELD ITS FIRST MEETING MARCH 1-5, TO PREPARE FOR THE CHANGE OVER FROM THE 4TH TO THE 5TH ITA NEXT JULY 1. MOST PRESENT ITC MEMBERS WERE REPRESENTED, EITHER BY DELEGATIONS FROM HOME OR BY LOCAL REPS. WORLD BANK, IMF, UNCTAD AND TIN RESEARCH INSTITUTE SENT OBSERVERS. US WAS ADMITTED AS FULL PARTICIPANT IN VIEW OUR INTENT TO SIGN 5TH AGREEMENT. THIS MEETING WAS IMPORTANT SINCE ITS TASK WAS TO DO THE PREPARATORY WORK AND MAKE RECOMMENDATIONS ON A NUMBER OF ISSUES UPON WHICH THE NEW COUNCIL WOULD BE CONFIDENTIAL

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CALLED UPON FOR DECISION NEXT JULY, INCLUDING, ARRANGING FOR NEW BUFFER STOCK (AND LIQUIDATION OF OLD), PREPARING A DRAFT BUDGET FOR 1976/77 AND MAKING RECOMMENDATIONS ON EXECUTIVE APPOINTMENTS UNDER NEW ITA.

3. EXECUTIVE APPOINTMENTS AGENDA ITEM CLEARLY DOMINATED MEETING, AND BECAUSE OF DISAGREEMENT OVER WHO

SHOULD CHAIR THE INTERIM COMMITTEE ITSELF, NO PROGRESS
ON OTHER ITEMS WAS MADE UNTIL LATE IN WEEK.

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4. THIS ITEM CONCERNS PRINCIPALLY WHETHER THE PRESENT EXECUTIVE CHAIRMAN, HAROLD ALLEN, SHOULD CONTINUE IN OFFICE UNDER THE 5TH AGREEMENT. IN ADDITION TO ALLEN, OTHER EXECUTIVE-LEVEL APPOINTMENTS ARE THE BUFFER STOCK MANAGER, HIS DEPUTY, AND THE SECRETARY. THE COMMITTEE ROUTINELY RECOMMENDED APPROVAL OF THE APPLICATIONS OF THE BUFFER STOCK MANAGER AND THE SECRETARY FOR RE-APPOINTMENTS AND IS EXPECTED TO APPROVE THE APPLICATION OF THE DEPUTY BUFFER STOCK MANAGER WHEN SUBMITTED. NO AGREEMENT WAS POSSIBLE ON ALLEN SINCE HIS CANDIDACY IS BEING CONTESTED BY MALAYSIA, WHO NOMINATED AMBASSADOR PETER LAI, PRESENTLY MALAYSIA AMBASSADOR TO BELGIUM AND THE EEC.

5. ALLEN, AN AUSTRALIAN HAS BEEN WITH THE ITC FOR FOURTEEN YEARS AND DESIRES REAPPOINTMENT. HE HAS BEEN AN EFFECTIVE EXECUTIVE CHAIRMAN AND NORMALLY WOULD HAVE BEEN EXTENDED WITHOUT QUESTION. THIS TIME, HOWEVER, THE PRODUCERS (WITH EXCEPTION OF AUSTRALIA) MAINTAIN THAT THE ITC SHOULD NOW BE HEADED BY AN APPOINTEE FROM A LDC PRODUCING COUNTRY (READ ASEAN), TO BALANCE THE BUFFER STOCK MANAGER AND HIS DEPUTY, BOTH OF WHOM ARE FROM DEVELOPED COUNTRIES.

6. UNDERLYING ISSUE NOT SO MUCH WHETHER IT IS NOW TIME FOR AN LDC CHAIRMAN TO TAKE OVER, AS IT IS ONE OF "FACE", STEMMING FROM AN ACTION TAKEN BY ALLEN LAST SPRING. ALLEN WAS FORCED TO SUSPEND THE BUFFER STOCK MANAGER, TOM ADNAN (INDONESIAN), AND HIS DEPUTY, JAIME BUENO (OLIVIAN), FOR CONFLICT OF INTEREST (TRADING IN TIN FOR PERSONAL ACCOUNTS WHILE TRADING FOR ITC). THERE IS LITTLE DOUBT THAT ALLEN HAD
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TO REMOVE THE TWO, BUT IN NOT CONSULTING PRODUCERS HE AROUSED LASTING RESENTMENT. (ALLEN CONSULTED THE UK REP AND THE CONSUMER VICE CHAIRMAN, A CANADIAN, BUT REPORTEDLY WAS UNABLE TO REACH THE PRODUCER VICE CHAIRMAN. PRESUMABLY HE FELT IT TOO RISKY TO CONSULT OTHER PRODUCERS SINCE ADNAN AND BUENO WERE STILL ACTIVE IN TRADING ON THE LONDON MARKET). ADNAN AND BUELO WERE NOT ACTUALLY FIRED, BUT THEIR CONTRACTS WERE BOUGHT UP. BOTH ARE NOW TIN ADVISERS WITH THEIR RESPECTIVE EMBASSIES IN LONDON. CONSUMERS TEND TO SEE THE LAI CANDIDACY AS "REVENGE", FOR SACKING ADNAN AND BUENO. PRODUCER VICE CHAIRMAN SIRMAN WIDIATMO (INDONESIA) TENDED TO CORRABORATE THIS ANALYSIS WHEN HE TOLD USDEL WITH CONSIDERABLE EMOTION. THAT PRODUCERS COULD NEVER ACCEPT A MAN "WHO SHOWED SO LITTLE UNDERSTANDING" OF THE LDC MENTALITY IN HIS HANDLING OF SUSPENSION.

7. IN EFFORT TO DENY ALLEN A POSSIBLE LEG UP, PRODUCERS REFUSED EVEN TO ELECT HIM CHAIRMAN OF THE INTERIM COMMITTEE, A POSITION HE WOULD HAVE BEEN ROUTINELY GIVEN. FINALLY, HOWEVER, A COMPROMISE WAS WORKED OUT WITH ALLEN APPOINTED CO-CHAIRMAN WITH NIGERIA (ABIDI). THIS MEANT, NO PROGRESS WAS MADE UNTIL THURSDAY. EVEN THEN, A GREAT DEAL OF TIME WAS STILL SPENT, WITH NO PROGRESS, ON EXECUTIVE CHAIRMAN QUESTION. FINALLY, THE COMMITTEE DECIDED TO SET UP A CONTACT GROUP, CONSISTING OF THE CONSUMER VICE CHAIRMAN (JOHNSON, UK), SIRMAN, THE NETHERLANDS (DE BLOEME), THAILAND (PRAVIT) AND ABIDI. THIS GROUP IS TO ATTEMPT TO WORK OUT A COMPROMISE AND REPORT BACK TO THE COMMITTEE BY APRIL 30.

8. LINE UP ON ISSUE:

A) CONSUMERS. MOST CONSUMERS STRONGLY SUPPORTED ALLEN, WITH THE UK AND CANADA PARTICULARLY ACTIVE. FRG, BELGIUM AND IRELAND QUITE FIRM AS WELL. FRANCE, JAPAN AND THE SOVIET UNION CAREFULLY STRADDLED FENCE, AND THE NETHERLANDS WAS OBVIOUSLY READY TO DUMP ALLEN. WE SAID NOTHING DURING PLENARY, BUT IN CONSUMER CAUCUS, CONFIDENTIAL

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IN RESPONSE TO DIRECT OUESTION, "SPEAKING IN PERSONAL CAPACITY" USDEL EXPRESSED CONCERN ABOUT POLITICAL OVERTONES OF ATTEMPT TO UNSEAT ALLEN. WE DISCUSSED PROBLEM SEPARATELY

IN SOME DETAIL WITH LEGOUX OF FRANCE, DE BLOEME,
SANO OF JAPAN AND SIRMAN.

B) PRODUCERS. NO VISIBLE SIGN OF A BREAK IN
SUPPORT FOR LAI; ALTHOUGH, REPORTEDLY THERE IS
SOME RESENTMENT AGAINST TOUGH TACTICS USED
BY MALAYSIA'S DELEGATE (FATAH). AS EXPECTED,
INDONESIA EARLY WITHDREW ITS OWN CANDIDATES,

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TO SUPPORT LAI. THE PRODUCERS MAY BE WILLING
TO SACRIFICE LAI, BUT THERE IS NO SIGN THAT THEY
WILL ACCEPT ALLEN.

9. ASSESSMENT: WITH A TWO-THIRDS DISTRIBUTED MAJORITY
REQUIRED FOR ELECTION, FOR THE MOMENT THE CANDIDACIES
OF BOTH ALLEN AND LAI SEEMED BLOCKED. THIS COULD LEAD
THE ITC TO TURN TO A DARK HORSE, BUT HOPEFULLY, THE
CONTACT GROUP WILL EXPLORE OTHER POSSIBLE FACE SAVING
SOLUTIONS AS WELL (E.G., AN INTERIM APPOINTMENT FOR ALLEN
FOR A TRANSITION PERIOD).

10. THE COMMITTEE WILL HOLD ANOTHER MEETING MARCH 12,
FOLLOWING THIS WEEK'S COUNCIL MEETING. THE EXECUTIVE
CHAIRMAN PROBLEM IS NOT EXPECTED TO ARISE. RATHER, THE
PRINCIPLE TASK IS EXPECTED TO CONCERN AGENDA ITEM 13,
RE BUFFER STOCK OPERATIONS AND ADMINISTRATIVE MATTERS
(BUDGET); THESE WILL BE CONSIDERED CONSECUTIVELY BY
TWO SUB-COMMITTEES OF THE WHOLE. IN PRELIMINARY DIS-
CUSSION OF ITEM 13, QUESTION OF VOLUNTARY CONTRIBUTIONS
TO THE BUFFER STOCK BY CONSUMERS WAS TOUCHED UPON,
WITH MOST CONSUMERS SILENT ON THEIR INTENTIONS. ONLY
COMMENT ON US DECISION NOT TO MAKE CONTRIBUTION WAS
BY INDONESIA WHO POINTED OUT VOLUNTARY CONTRIBUTION
BY FRANCE WOULD SHRINK UPON US ENTRY INTO ITC SINCE
FRANCE WILL LINK ITS CONTRIBUTION SIZE TO NUMBER OF
VOTES HELD, WHICH WILL BE SMALLER UNDER THE 5TH ITA
WITH US PARTICIPATION (SAME APPLIES TO NETHERLANDS
AND PERHAPS OTHERS).

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, AGREEMENTS, SECRETARY GENERAL, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LONDON03608
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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Image Path:
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Legacy Key: link1976/newtext/t19760385/aaaacwqz.tel
Line Count: 385
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LONDON 2394
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by MartinML>; APPROVED <27 JUL 2004 by saccheem>
Review Markings:

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US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TIN -- MEETING OF INTERIM COMMITTEE
TAGS: PORG, EMIN, ITC-1, (ALLEN, HAROLD)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006